



राजपत्र, हिमाचल प्रदेश

(अमाधारण)

हिमाचल प्रदेश राज्यशासन द्वारा प्रकाशित

शिमला, सोमवार, १२ अप्रैल, १९७१/२२ अप्रैल, १८९३

GOVERNMENT OF HIMACHAL PRADESH

INDUSTRIES DEPARTMENT

NOTIFICATION

Simla-2, the 12th April, 1971

No. 2-193/69-SI.—The Governor, Himachal Pradesh is pleased to make the following Rules regarding grant of incentives to new and already established industries in the Himachal Pradesh:—

RULES REGARDING GRANT OF INCENTIVES TO NEW AND ALREADY ESTABLISHED INDUSTRIES IN THE PRADESH

1. Short title and commencement:

These Rules shall be called the Rules for Grant of Incentives to New and Already Established Industries in Himachal Pradesh.

2. Definitions:

(a) "New Industry" means an industrial undertaking set up on or after the date when these Rules come into force with the ~~prior~~ approval of the Director of Industries, Himachal Pradesh, provided that no such approval shall be necessary—

(i) in the case of industrial undertakings licensed under the Industries (Development and Regulation) Act, 1951 or registered with D G I D or with another appropriate agency of the Central Government,

(ii) in the case of small scale industries as defined by the competent authority of the Central Government a scheme for the establishment of which has been approved by the Department of Industries, Himachal Pradesh.

(b) "Established Industry" means an existing industrial unit located in the Pradesh prior to the date when these Rules come into force.

(c) "Private Limited Company" means Private Company as defined in clause (iii) of sub-section (2) of section 3 of the Companies Act, 1956.

(d) "Public Limited Company" means Public Company as defined in clause (iv) of sub-section (2) of section 3 of the Companies Act, 1956.

(e) "Firm" means a firm registered under the Indian Partnership Act of 1932

(f) "Selected Industries" means Industries which are either on the priority list of the Government of India or which the Director of Industries, Himachal Pradesh certifies as being an Industry for which there is a special scope for development in the State.

(g) "Feasibility Report" means a report on the economic and technical feasibility of an industrial project with an investment of more than 10 lakhs of rupees prepared by an organisation of Technical Consultants/Agency approved by the Corporation.

(h) "Land" means the area declared as industrial area by the Government and acquired by or transferred to the Corporation from time to time.

(i) "Government Land" means the land under the control of the revenue authorities.

(j) "Electricity Charges" means the tariff levied on power consumption by the Department of Multipurpose Projects and Power, Himachal Pradesh.

(k) "Generating Set" means a power plant with a minimum generating capacity of 10 kW installed by an industrial unit group of industrial units for its/their own use.

(f) "Building material" means the material required for the construction of building.

(m) "Underwriting" means underwriting of share capital as defined in the Companies' Act, 1956.

(n) "Share capital" means the share capital as defined in the Companies' Act, 1956.

(o) "Paid up Capital" means the paid up capitals as defined in the Companies' Act, 1956.

(p) "Sales Tax" means the tax defined as such in the Himachal Pradesh General Sales Tax Act, 1968.

(q) "Purchase Tax" means such sales tax as might have been collected by Government under the General Sales Tax Act on raw material consumed in industry.

(r) "Octroi Duty" means the duty levied in the form of octroi by a Corporation/Municipal or Local Body in Himachal Pradesh.

(s) "Store Purchase" means the products purchased by Government Departments from the local industrial units located in the Pradesh.

(t) "Freight Charges" means the charges for the transport of industrial raw material by Government transport undertaking.

(u) "Small Scale Industry" means an industry defined as such by a competent authority of the Central Government.

(v) "Large Scale Industry" means an industrial undertaking either licensed under the Industries (Development and Regulation) Act, 1951, or registered with the Director General, Technical Development or other appropriate Central Government Agency.

(w) "Corporation" means the Himachal Pradesh Mineral and Industrial Development Corporation Limited, The Mall, Simla.

3. Details of Incentives:

(1) Contribution towards cost of preparation of Feasibility Project study.—The Himachal Pradesh Mineral and Industrial Development Corporation will meet 75% of the cost of preparation of feasibility reports/project reports in case of selected industrial projects with an investment of more than 10.00 lakhs of rupees provided the report is prepared by an agency approved by the Corporation. Such contribution will be converted into share capital of the enterprise in the event of the project being implemented, otherwise the report will become the property of the said Corporation. The industry selected for the purpose should either be on the priority list of Government of India or be an industry which the Director of Industries, Himachal Pradesh Government certifies as being one for which there is special scope for development.

An application for the grant of subsidy will be made to the Secretary, Mineral and Industrial Development Corporation, Himachal Pradesh in the form prescribed as per annexure 'A' giving also full particulars of the consulting agency.

(2) Land.—(i) Land may be acquired by the Government for the

Corporation for establishment of industrial areas. The Corporation may lease land to industrialists for the establishment of industries in the State. The lease shall be for 95 years. 10% of the price and cost of development, if any, shall be charged as premium before handing over possession and the balance 90% of the price shall be recovered in 15 equal annual instalments, interest being calculated at the prevailing Government rate. A nominal rent of Rs. 1 per year per acre or part thereof shall be charged till the expiry of the lease period.

(ii) In the case of Government land transferred to the Corporation for the establishment of an industrial area, the price will be calculated by adding the cost of land on the basis of average market price of adjoining land certified by the Revenue Authorities plus the development cost. ~~It any other conditions~~ for 95 years lease to selected industries will be the same as in the case of land acquired by the Corporation.

The applications for allotment of plots shall be made to the Secretary of the Corporation in the prescribed form as per annexure 'B'. No application shall be valid unless it is accompanied by an earnest money of calculated at the rate of Rs. 100 per acre or part thereof subject to a maximum of Rs. 1,000 in the form of National Saving Certificates pledged to the Secretary of the Corporation or in the form of demand drafts drawn upon a scheduled bank.

Intimation of allotment shall be given to the applicant by registered post.

The applicant shall, unless he refused to accept the allotment within 30 days of the date of issue of the allotment orders, deposit with the Secretary of the Corporation, 10% of the sale price through a demand draft drawn on any scheduled bank at Simla in favour of the Secretary of the Corporation. In case of failure to deposit the said amount, the allotment shall be cancelled and the earnest money paid with the application shall stand forfeited for which the applicant shall have no claim for damages.

Earnest money will be refunded to the applicants to whom no allotment of plot is made.

In the event of any default on the part of the allottee in the payment of the price of land or the interest due, a penal interest of 9% shall be charged until the outstanding arrears are fully cleared.

The allottee shall not use the site or the building erected thereon for a purpose other than that for which the site was allotted to him.

No fragmentation of any site shall be permitted. The allottee shall complete the factory building within three years from the date of taking possession of the site.

In the event of breach of any of the terms and conditions of the allotment, Corporation shall have the right to revoke the allotment, or cancel the lease deed and take back possession of the land without payment of any compensation, whatsoever.

The allottees of the plots shall pay all rates, taxes and charges in respect of plots or the building constructed thereon.

(3) Building Materials.—The Government may give priority to new industries in the matter of allotment of controlled building material like cement, iron and steel, etc. The Civil Supplies Department will allot special

quotas for meeting the minimum requirements of the industrialists, on the basis of the recommendations from the Director of Industries or his representatives i.e. District Industries Officers/Assistant District Industries Officers etc., after taking into account the total availability

(4) Relief from incidence of certain taxes, duties and rates like electricity tariff, sales tax, purchase tax, octroi duty, freight charges.—

(a) *Electricity Tariff*.—Subsidy on electric tariff will be given in the case of selected industries having an installed load not exceeding 20 HP in one place.

Subsidy will be given where the industrial rate for power exceeds 9 paise per unit. Difference between the prevailing industrial rate of electricity and 9 paise will be treated as subsidy.

The subsidy will be granted on the energy consumed for running the industries. The amount of subsidy admissible to the industry will be adjusted in the bills by the Sub-Divisional Officer (Electrical), Himachal Pradesh Multipurpose Projects and Power under whose jurisdiction the industry falls. The amount of subsidy thus granted will be adjusted by book transfer by raising debit to the appropriate head of account of the Industries Department.

The accounts of the subsidy will be maintained by the Sub-Divisional Officer (Electricity), Himachal Pradesh Multipurpose Projects and Power who will be responsible for their correctness.

The subsidy shall be applicable only to small scale industries. In the case of new industries, the period for this subsidy will be 5 years and for those already established, it will be three years.

(b) *Installation of Generating Sets*.—The Industries Department may grant loans to meet the cost of generating sets. This concession will be available only in areas where transmission facilities have not been established. 20% of the loan will be treated as subsidy and balance 80% will be recovered in 20 years in equal instalments.

(c) *Sales/purchase tax*.—No sales/purchase tax will be charged from the small scale industries registered with the Industries Department, Himachal Pradesh. In the case of new industries, the period for this concession will be 5 years and for those already established, it will be 3 years. Industries desiring exemption of sales/purchase tax should get themselves registered with the Industries Department.

A certificate of eligibility will be issued by the Director of Industries to an industrial concern registered for the grant of this concession.

Provided that this power may also be exercised by an officer duly authorised by the Director of Industries in this respect.

(d) *Octroi Duty*.—New small scale industries registered with the Industries Department will be exempted from payment of octroi duty on raw materials, capital equipment and building materials imported within the limits of local bodies/municipal committees/corporation as well as on finished products for a period of 5 years, on the basis of the recommendations from the Director of Industries, or any officer duly authorised by the Director of Industries in this behalf in each separate case. Industries desiring exemption from payment of octroi duty should apply to the District Industries Officers/Assistant District Industries Officers concerned for a certificate of eligibility.

(e) *Freight charges.*—Concession upto 20% will be given on freight charges for the transport of raw material from the nearest rail-head outside the State when the goods are transported by Government Transport Undertaking. A similar concession will be given for export of finished products upto 10%. The concession will be applicable only to small industries registered with Industries Department. In the case of new industries, the period for this concession will be 5 years and for those already established, it will be 3 years.

An industrial concern will be entitled for this concession on the basis of eligibility certificate issued to an industrial concern by the Director of Industries, Himachal Pradesh, or ~~any other person~~ authorised by him in this behalf in respect of each consignment.

(5) *Under-writing of share capital.*—Facilities for under-writing of share capital to the private industrial undertaking upto 25% of the paid up capital, may be afforded through the Corporation.

The Company applying for under-writing should have obtained—

- (i) Certificate of Incorporation as a Public Limited Company;
- (ii) Certificate of Commencement of Business;
- (iii) Consent of the Controller of Capital Issues, if necessary, for the issue of its capital.

An application for under-writing of share capital should be made to the Secretary, Mineral and Industrial Development Corporation, The Mall, Simla, in the form prescribed as annexure 'C'.

Payment of a fee calculated at 1/8 per cent of the amount to be under-written should be made with the application for under-writing. The fee should be remitted through a demand draft drawn on any scheduled bank at Simla in favour of Secretary, Mineral and Industrial Development Corporation, Simla. Such fee shall not be refunded in any case.

No application for under-writing shall be considered unless the industrial project sought to be financed, is found technically sound and economically viable.

The amount to be actually under-written in the form of equity or preference capital would depend on merits of each individual case.

The promoters will be required to make a minimum investment in the share capital equal to the amount under-written by the Corporation.

The general terms and conditions of under-writing will be as follows:—

- (i) Corporation shall have a right to share on suitable terms and conditions with sub-underwriters its under-writing liability;
- (ii) the applicant shall submit draft prospectus to be issued, reasonably in advance for approval by the Corporation;
- (iii) Corporation will have the right to appoint non-rotational Directors, so long as it holds any part of the capital under-written;
- (iv) the applicant shall pay to the Corporation under-writing commission at the rate of 2½%, or such other rate as may be fixed by the Corporation from time to time;

- (v) the promoters, Directors and their friends should satisfy, the Corporation that they have paid all moneys payable on application and allotment in respect of their shares of investment in the Company, before MIDC is called upon to fulfil its obligation;
- (vi) the Company shall not embark upon any project of expansion or change in the project envisaged except with the approval of Corporation;
- (vii) dividend on preference capital under-written shall be payable at such stipulated dividend rate dividend rate have been for the time being fixed by the Controller of Capital Issues. The dividend shall be free of Company's income-tax but subject to deduction of tax at source at the prescribed rate;
- (viii) the Company shall redeem at par all preference shares subscribed by the Corporation at the end of period of seven years commencing from the date of allotment of shares in three consecutive equated annual instalments. The first of these investments shall be taken over on the day next following that in which the aforesaid period of seven years expires. The Company shall also make efforts to sell in the market such preference shares at par or on premium and to the extent of the sale of shares the liability of the Corporation shall cease;
- (ix) Corporation may require all or any of the Directors of the Company to stand guarantee for the redemption of share capital as provided in sub-para (viii) above and for the payment of dividend due to Corporation so long as the Corporation holds the shares;
- (x) the liability of the guarantor for the payment of guaranteed dividend to the Corporation shall commence at the end of three years from the date of allotment of shares. The amount payable to the Corporation on this account at the end of this period shall comprise the dividend accrued for the entire aforesaid period of three years;
- (xi) notwithstanding the stipulation made in sub-para (x) above, Corporation shall be entitled to receive direct from the Company full payment allowed to the guarantor(s). The liability of the guarantor(s) in such a case shall stand reduced to the extent of dividend directly paid by the Company;
- (xii) the dividend for the first three years shall be payable to the Corporation in the manner indicated in sub-paras (x) and (xi) above and thereafter the dividend shall be payable by the guarantor or the Company as the case may be in the first week of the year following that to which it relates irrespective of the fact whether the Company declares any dividend or not;
- (xiii) Corporation shall under-write equity capital only in industries requiring specialised know-how and large financial investment, which are certified to be of major importance for the State's general industrial growth by the Director;
- (xiv) the promoters shall have the option to purchase the equity stock held by Corporation on payment of the full face value of the shares plus interest calculated at the rate of 9.5 per cent from the

date of investment. Deduction may, however, be made from this amount of the dividend, if any, paid by the Company subject to the maximum of 9.5 per cent.

(6) Preferential treatment in Government purchase programme.—With a view to giving a fillip to the industries in respect of marketing of their products, 17½% price preference will be given by Government Departments on products of local industries purchased from the industrial units located in small scale sector in the Pradesh. A similar price preference of 5% will be given to medium and large scale industrial products.

ANNEXURE 'A'

APPLICATION FORM FOR CONTRIBUTION TOWARDS THE COST OF FEASIBILITY STUDY

1. Name and address of the applicant.
2. Constitution of the concern.
3. Public Limited/Private Limited/Partnership/Proprietary/Industrial Co-operatives.
4. Name and address of the Directors/Partners.
5. Name of the industry for which feasibility is to be made.
6. Whether the industry is on the merit list of Government of India.
7. Whether an Industrial Licence/Registration Certificate has been obtained from Government of India, if so, give particulars of the same.
8. Name of Industrial consultant.
9. Whether Government has approved the name of Industrial consultant given in column 8 above.
10. Estimated cost of feasibility study.
11. Scope of the project to be set up.
12. Justification for getting a feasibility study prepared.

Signature of the applicant.

ANNEXURE 'B'

APPLICATION FOR THE ALLOTMENT OF LAND

1. Name and address of the applicant.
2. Type of industry to be started (Give details of items to be manufactured and the proposed annual production of each item).
3. Whether licence is necessary under Industries (Development and Regulation) Act, and if so, steps taken to secure the licence (copy of the licence be attached, if already secured).
4. Estimated cost of the project and how it is proposed to meet it?
The following details must be given:—
(a) Cost of building.
(b) Cost of machinery with detailed list thereof.

